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Kazakhstan, Republic of

Grain and Feed

Grain Update July

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Report Highlights:

Kazakhstan's MY2004/05 wheat production is forecast at 11.5 million metric tons (MMT) assuming normal weather conditions for the rest of the harvest. MY2004/05 wheat exports are forecast at 5.5 MMT due to high yields and lower ending stocks.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Almaty [KZ1]
[KZ]

Production

Planted area for wheat in MY2004/05 is estimated at 11.5 million hectares including 670,000 hectares of winter wheat. That is 250,000 hectares more than planted in the previous year. Planted wheat was expanded primarily in Akmola (27,000 ha), Kostanay (53,000 ha), North Kazakhstan (47,000 ha) and Aktubinsk (51,000), which are the major grain producing areas of the country. High wheat prices and better returns from last year's crop have encouraged this expansion.

Kazakhstan's MY2004/05 wheat production is forecast is 11.5 MMT assuming normal weather conditions for the rest of the season. Dry and hot weather during the sowing campaign in some northern regions affected germination on 200,000 hectares. However, specialists consider current crop conditions normal. The winter wheat harvest has started in the south. Average yields in Jambul, Chimkent and Almaty regions are at 2.0-2.5 ton per hectare. However, these regions do not play a significant role in wheat production due to the insignificant area planted (about 700,000 hectares) and poor quality of grain produced.

Kazakhstan's MY2003/04 wheat production was officially reported at 11.5 MMT. However, grain traders and Ministry of Agriculture specialists estimate MY2003/04 wheat production at 500,000 –1.0 MMT less than officially reported. They assume that regional Governors provided higher production results in order to obtain more subsidies for fuel, seeds and farm credits from the Government.

Consumption

MY2003/04 total wheat consumption has been slightly increased to 6.8 MMT compared with the previous year. According to preliminary data from the State Statistics Agency, this volume has been used for the following purposes: seeds – 1.8 MMT, feed – 2.0 MMT, food consumption – 2.7 MMT and about 300,000 MT as losses. Losses occurred due to improper storage on the farm and during transportation. About 300,000 MT were used for alcohol production.

MY2004/05 wheat consumption is expected remain unchanged at 6.8 MMT. A slight increase in seed use will be offset by an anticipated reduction in food use.

Trade

Kazakhstan's MY2003/04 wheat exports declined from 5.5 MMT to 4.5 MMT due to unofficial restrictions established by the GOK. Since January 2004 the State Railroad Company provided only a limited number of railcars for grain exports in order to control rising wheat prices and avoid wheat shortages. As a result, wheat exports declined from 742,000 MT in November 2003 to 163,000 MT in January 2004. However, official wheat exports in MY2003/04 were 3.6 MMT while wheat flour exports were 500,000 MT (625,000 in wheat equivalent). Also, unrecorded wheat exports are estimated at about 200,000-300,000 MT. Major importers in MY2003/04 were Ukraine (1.8 MMT), Russia (972,000 MT) and Azerbaijan (647,000 MT).

Kazakhstan's MY 2004/05 wheat exports are expected to be 5.5 MMT due to higher anticipated production and better grain quality. Grain traders expect that the primary customers in MY2004/05 will remain CIS countries and Iran.

Price

Kazakhstan's average export prices for 3-class wheat, which is approximately equal to U.S. standards for HRW #2, increased significantly from \$115 per ton in September 2003 to \$200 per ton in May 2004. Sharp price increases occurred due to good demand in Ukraine and Russia and smaller supplies in Kazakhstan. Domestic prices for wheat increased from 10,500 KZT (1\$=150 KZT) in September 2003 to 22,000 KZT (1\$=136 KZT) per ton in May 2004. Since January 2004 the GOK limited wheat exports and sold about 900,000 MT of wheat on domestic market with a fixed price of \$160 per ton in order to wheat prices. Specialists expect that wheat export prices will slightly lower at the beginning of MY2004/05 due to the start of the harvest and larger anticipated crops in Russia and Ukraine.

Stocks

Officially MY2003/04 wheat ending stocks reported as 4.0 MMT including 600,000 MT in state grain reserves. The MOA reported that about 2,2 MMT of wheat kept in elevators, 1 MMT on farm, and 200,000 MT procured by grain processors.

MY2004/05 wheat ending stocks are expected to be 700,000 MT less at 3.3 MMT due to higher exports.

Policy

The GOK continues to support the agricultural sector. In MY2004/05, budget subsidies for fuel, chemicals, equipment leasing, and farm credits are estimated at 40.7 billion KZT (\$1=136 KZT) in current season. The State Food Procurement Corporation (SFPC) is planning to purchase about 2.5 MMT of wheat to support domestic wheat prices. According to the SFPC report, they will procure 600,000 MT of wheat for state reserves and 1.9 MMT for commercial sales.

PSD Table

Country	Kazakhstan, Republic of						
Commodity	Wheat						
	(1000 HA)			(1000 MT)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin	07.2002		07.2003		07.2004		MM/YYYY
Area Harvested	11500	11500	11300	11300	11200	11400	(1000 HA)
Beginning Stocks	4699	4700	5421	4315	5136	4030	(1000 MT)
Production	12600	12600	11500	11000	11500	11500	(1000 MT)
TOTAL Mkt. Yr. Imports	27	15	15	15	15	20	(1000 MT)
Jul-Jun Imports	27	15	15	15	15	20	(1000 MT)
Jul-Jun Import U.S.	3	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	17326	17315	16936	15330	16651	15550	(1000 MT)
TOTAL Mkt. Yr. Exports	6238	6300	5700	4500	5500	5500	(1000 MT)
Jul-Jun Exports	6238	6300	5700	4500	5500	5500	(1000 MT)
Feed Dom. Consumption	1800	1800	2000	2000	1800	2000	(1000 MT)
TOTAL Dom. Consumptic	5667	6700	6100	6800	6500	6800	(1000 MT)
Ending Stocks	5421	4315	5136	4030	4651	3250	(1000 MT)
TOTAL DISTRIBUTION	17326	17315	16936	15330	16651	15550	(1000 MT)

Commodity Wheat

Time Period	MY	Units:	000
Exports for:	2003		2004
U.S.	6	U.S.	5
Others		Others	
Ukraine	1740	Ukraine	800
Russia	872	Russia	800
Azerbaijan	612	Azerbaijan	600
Tajikistan	270	Tajikistan	400
Uzbekistan	220	Uzbekistan	250
Kyrgyzstan	70	Kyrgyzstan	100
Iran	36	Iran	400
Romania	41	Romania	50
Turkey	27	Turkey	100
Georgia	38	Georgia	50
Total for Others	3926		3550
Others not Listed	77		1945
Grand Total	4009		5500

BARLEY

Production

Barley is grown throughout the country however Akmola, North Kazakhstan and Kostanay account for about 60 percent of total barley area.

Total planted area in MY2004/05 is estimated at 1.8 million hectares, which is the same as last year. Specialists expect a slight increase in barley areas within the next few years due to small increases in the livestock population especially poultry and swine.

Kazakhstan's MY2004/05 barley production is expected to be by 100,000 higher at 2.2 MMT assuming normal weather conditions and slightly better yields.

Consumption.

Barley consumption in MY2003/04 is estimated at 2.0 MMT and expected to be the same in MY2004/05. Most barley is consumed as animal feed. Inter-regional trade is not significant. Better quality barley, which is used for malt production is grown only in Almaty, Jambul and East-Kazakhstan and only in small quantities. Barley malt is produced only in one factory in the Almaty region, which has a total capacity of about 100,000 MT per year. However, it only processes 25,000-30,000 MT due to a lack of high quality raw materials. As a result, breweries prefer to import malt from the European Union. Also, annually about 15,000-20,000 MT of barley is using for producing groats.

Trade

MY 2003/04 barley exports were officially reported at 465,000 MT but specialists assume that unrecorded exports were at least 50,000 MT. The major markets are Saudi Arabia, Iran and CIS countries. One-time shipments have been made to Cyprus (11,000 MT), the Netherlands (2,000 MT) and Israel (11,000 MT).

MY2004/05 barley exports forecast is 500,000 MT due to anticipated same production and exports patterns. Specialists expect major importers will remain the same.

PSD Table

Country	Kazakhstan, Republic of						
Commodity	Barley						
	(1000 HA)		(1000 MT)				
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin	07.2002			07.2003		07.2004	MM/YYYY
Area Harvested	1750	1750	1800	1800	1650	1800	(1000 HA)
Beginning Stocks	1147	1147	949	897	499	497	(1000 MT)
Production	2200	2200	2000	2100	2000	2200	(1000 MT)
TOTAL Mkt. Yr. Imports	3	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	2	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	3350	3347	2949	2997	2499	2697	(1000 MT)
TOTAL Mkt. Yr. Exports	501	500	500	500	400	500	(1000 MT)
Oct-Sep Exports	542	550	500	500	400	500	(1000 MT)
Feed Dom. Consumption	1800	1900	1850	1950	1800	1950	(1000 MT)
TOTAL Dom. Consumptic	1900	1950	1950	2000	1900	2000	(1000 MT)
Ending Stocks	949	897	499	497	199	197	(1000 MT)
TOTAL DISTRIBUTION	3350	3347	2949	2997	2499	2697	(1000 MT)

Export Trade Matrix

Country Kazakhstan, Republic of

Commodity Barley

Time Period	MY	Units:	000
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Saudi Arabia	163	Saudi Arabia	180
Russia	117	Russia	100
Ukraine	98	Ukraine	100
Azerbaijan	35	Azerbaijan	30
Izrael	11	Cyprus	10
Cyprus	11	Iran	50
Iran	10	Uzbekistan	10
Uzbekistan	4		
Total for Others	449		480
Others not Listed	16		20
Grand Total	465		500

Stocks

MY2003/04 ending stocks are estimated at 497,000 MT, which was mostly kept on farms. The Tate Food Procurement Corporation (SFPC) procured about 15,000 MT of barley for seeds and state forage reserves.

MY2004/05 ending stocks are forecast at 197,000 MT. Specialist believe this is two month supply of feed.

Policy

The GOK provides the same subsidies for barley producers as for wheat i.e. fuel, seeds and chemicals. One significant exception is that the State Food Procurement Corporation (SFPC) does not support barley producers by purchasing grain for the commercial sales on fixed prices as wheat. Therefore domestic and export prices for barley are lower than for feed wheat and farmers prefer to grow wheat instead of barley.